

2022
ANNUAL
REPORT





To print this brochure, we used a font utilising 33% less ink than conventional fonts. We also limited the use of certain toxic materials that are largely non-biodegradable. As for the online version, we used the inverse form of this document to save power on our devices thanks to switched off black pixels. All this in line with our objective to make the operation of SPP more sustainable.

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Miroslav Kulla

Foreword by the Chairman of the Board of Directors

Dear Ladies and Gentlemen,

The military conflict in Ukraine has fundamentally altered the energy sector and how it is perceived, while forcing us to realise its impact on our daily lives. It has also strongly affected the operation of SPP. Our priority in 2022 was to ensure uninterrupted energy supplies to all our customers, from large industrial businesses to households.

Thanks to contracts diversifying gas purchases from North Sea platforms and for the supply of liquefied natural gas (LNG), we are currently capable of covering more than 65% of client consumption from non-Russian sources. We are able to source gas supplies from the south via Italian infrastructure and also the LNG terminal in Croatia, via the northern line, as well as via the still functioning eastern transmission route through Ukraine. Thanks to our thorough preparation and the combination of year-round stability in the flow of gas from diversified sources and the volume of gas stocks in storage facilities, Slovakia was among the best prepared European countries in the winter of 2022/2023. As a last resort supplier, we are also prepared to guarantee the security of gas supplies to consumers in the upcoming period.

In 2022, SPP was the leader on the Slovak energy market, hitting a new record of almost 1.5 million

points of supply. We have stabilised our overall market share in gas supplies at almost 58%. In electricity supplies to households, we maintained our position as the 4th largest supplier with a market share of nearly 12%. In total, we supplied 27 TWh of gas and 1.5 TWh of electricity to end customers.

The successful periods of 2020 and 2021 were followed by yet another in 2022, in which SPP's operating profit reached EUR 20 million. The emphasis on financial and operating stability, coupled with our conservative strategy aimed at minimising market and other risks, helped SPP achieve its business and development goals despite the challenges seen in 2022.

Last year saw the end of the period of relatively stable energy prices. As a supplier, we are able to handle substantial fluctuations in market prices only to a certain degree. It is likely that the volume of Russian gas supplies will continue to fall in the coming years. It will only be possible to replace them by a combination of various measures. In addition to diversification, it is crucial also to keep cutting gas consumption wherever possible. Reduced consumption, meaning also lower demand, will not only positively impact prices, but also move us closer to meeting climate goals.

Along with savings, the other factor stabilising energy costs for end consumers will be the decentralised production of energy from local sources tailored to the needs of clients. However, installing these local sources on a massive scale will require time and preparation, not only from producers of the technology, but also from distribution system operator. Our aim is to give customers an alternative in the form of renewable energy sources and energy services that cut the consumption of fossil fuels. A few years ago, we boosted greatly our electricity business by becoming a purchaser of electricity from renewable energy sources. Last year, we established the company ESCO Slovensko. In 10 years, we project SPP to be operating its own production sources of electricity from photovoltaics, wind energy or biomethane from biodegradable waste.

Both our customers and the public at large will increasingly expect us to apply the principles of responsible business and sustainability. In 2022, we therefore published our comprehensive Sustainability Report, compiled in accordance with GRI standards, describing in detail the impact of our activities on the environment, on employees and business partners, as well as on society as a whole. This report includes SPP's goals for the future, with which we hope to improve our sustainability and so also the resilience of us all.

I would like to thank our customers for the trust they have shown us in the past year. I want to assure them that we continue with the preparation and improvement of our products and services. At the same time, I must thank all our employees and suppliers whose energy, professionalism, abilities and skills

transitioned our company through the kinds of new challenges that had never been faced until last year. While we are proud of what we have already achieved, at the same time, we continue to be bold in our plans and decisions.



Miroslav Kulla

Chairman of the Board of Directors
CEO

Company Profile

Slovenský plynárenský priemysel, a.s. (SPP) builds on the more than 165-year tradition of operating in the energy sector, and today is the largest energy supplier in Slovakia. The company guarantees reliable, secure and competitive supplies of gas and electricity, including auxiliary services, to more than 1.5 million points of supply across all market segments and regions in Slovakia. In addition to supplying energy, SPP offers also a wide range of energy services and other complementary services. SPP has been purchasing electricity from renewable energy sources and high-efficiency cogeneration since 2020.

SPP is a joint stock company. The sole shareholder of SPP is the Slovak Republic represented by the Ministry of Economy of the Slovak Republic, which elects members of the Board of Directors and the Supervisory Board (excluding members of the Supervisory Board elected by employees). The Board of Directors is the statutory body of SPP. It manages the company's activities and makes decisions on all matters, unless reserved by legal regulations or the Articles of Association for decision-making to the General Meeting or the Supervisory Board.

The Supervisory Board is the supreme control body of SPP. It supervises the powers exercised by the Board of Directors and the performance of business activities by the company. One third of the Supervisory Board, i.e. three members, is elected by SPP employees.

**165-year
tradition of operating
in the energy sector**

**1.5 million
points of supply**

SPP is the sole shareholder of SPP CZ, a.s., which operates as a gas and electricity supplier in the Czech Republic, and the sole shareholder of SPP CNG s. r. o., which focuses on selling and developing the use of CNG and LNG.

SPP also owns a 51% stake in SPP Infrastructure, a. s. while the owner of the remaining 49% is Energetický a průmyslový holding, a.s., through Slovak Gas Holding, B.V., which also exercises managerial control over SPP Infrastructure, a. s.

SPP implements its activities in the field of corporate responsibility and philanthropy through the SPP Foundation and EkoFond SPP. In 2021, ESCO Slovensko, a. s. launched its activities as a joint venture between SPP and ČEZ ESCO, a.s.

Nadácia SPP

EkoFond SPP

Internal Control System, Corporate Governance, Compliance Programme and SPP Code of Conduct

The internal control system of SPP protects the company from internal and external risks and comprises three levels: (i) System of control mechanisms (measures) at the level of organisational units to mitigate risks present in various processes or fields of activities, (ii) Components of the internal control system, and (iii) Internal audit providing the executive management, the Board of Directors and the Supervisory Board with independent reassurances as to what extent the functioning of the control system at the first and second level complies with the requirements of the Board of Directors and executive management. SPP also established the Audit Committee which, among other tasks, monitors the efficiency of internal control, internal audit and risk management systems in the company, if they affect the compilation of financial statements. The components of SPP's internal control system include: risk management, personal data protection, information and cyber security, physical and facility security, occupational health and safety (OHS), environmental protection, protection from fraud and other illegal activities, business continuity management (BCM), corporate governance and the compliance programme. Integrated corporate governance was introduced at the initiative of SPP to sign to the Code of Corporate Governance for State-Owned Companies in Slovakia.

This means the company regularly formulates a declaration containing detailed information on what extent it complies with the principles and rules of corporate management and governance laid down by the Code. Corporate governance involves the general management of the company, oversight and guidance. The compliance programme is based on the principles of the SPP Code of Conduct and is established in accordance with the values, goals and strategy of SPP. The compliance programme covers the management of SPP in relation to the specifics of the SPP environment. Based on the compliance programme, SPP demonstrates both inward and outward that it operates in accordance with the requirements of internal and legal regulations and, ultimately, also in accordance with the principles of corporate governance. The SPP Compliance Manager is responsible for the compliance programme, acting independently in his/her activities and reporting directly to the Board of Directors and CEO of SPP.

The compliance programme also includes a system for receiving and dealing with general complaints relating to SPP, as well as complaints relating to violations of the rules and principles of responsible conduct, this in accordance with best practices. SPP has established and published two channels for

reporting any complaints, either by electronic means to a specific email address – compliance@spp.sk or in writing by post to the address of SPP's registered office. A complaint may be filed by a whistleblower either in his/her own name or anonymously. With anonymous complaints, a whistleblower may specify anonymous contact details to be used to send the information about the handling of his/her complaint. Complaints are handled by the Compliance Manager. In 2022, SPP did not identify any complaint filed under the Whistleblowers Protection Act. Those complaints relating to SPP Code of Conduct were being handled on an ongoing basis with the aim of enforcing SPP's values, standards of conduct and corporate culture.

Board of Directors

Mgr. Miroslav Kulla,
Chairman of the Board of Directors,
since 9 October 2022

Ing. Milan Urban,
Chairman of the Board of Directors,
until 9 October 2022

Ing. Marián Široký,
Vice-Chairman of the Board of Directors,
since 9 October 2022

Ing. Richard Prokypčák,
Vice-Chairman of the Board of Directors,
until 9 October 2022

Members of the Board of
Directors

Mgr. Peter Kučera,
since 9 October 2022

Ing. Eduard Macejka,
since 9 October 2022

JUDr. Slavomír Vorobel, MPH,
since 9 October 2022

Ing. Ivan Gránsky,
until 9 October 2022

Mgr. Henrich Krejčí,
until 9 October 2022

Ing. Daniel Šulík, CSc.,
until 9 October 2022

Executive Management

Mgr. Miroslav Kulla,
CEO, since 12 October 2022

Ing. Richard Prokypčák,
CEO, until 30 September 2022

Supervisory Board

Dr.h.c. Ing. Tibor Mikuš, PhD.,
Chairman of the Supervisory Board

Members of the Supervisory Board

Mgr. Iveta Barancová

Ing. Miloš Dančo

JUDr. Martin Javorček

Ing. Július Mazán,
since 21 January 2022

PhDr. Zuzana Ružeková

Viera Uhrová

Mgr. Renáta Zolnaiová,
since 19 May 2022

Ing. Michal Ďurkovič,
until 21 January 2022

Norbert Lojko, MBA,
until 30 April 2022

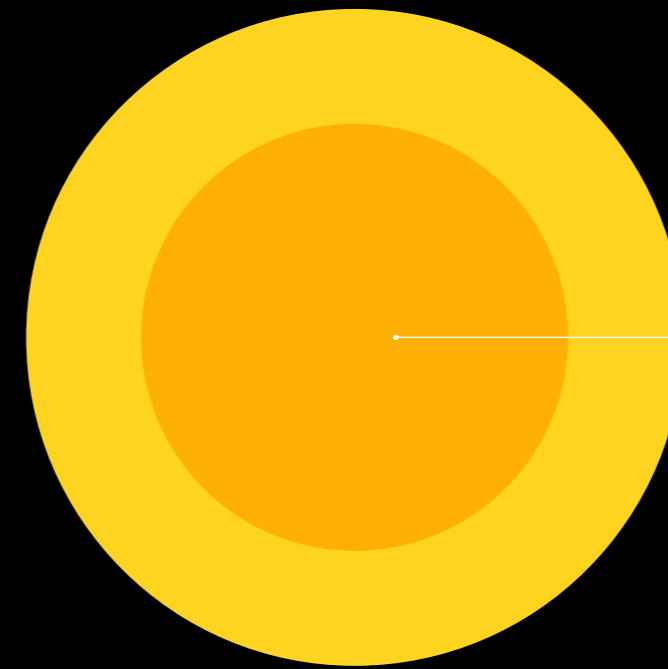
Ing. Katarína Marton,
until 19 April 2022

Company Vision and Goals

The unforeseen developments of 2022 proved that when it comes to the energy sector, in addition to decarbonisation, other key challenges include boosting energy independence, security and the diversification of sources. In fact, energy security and ensuring Europe's independence from Russian fossil fuels by accelerating the transition to clean energy were confirmed as goals in the REPowerEU plan presented by the European Commission in the course of the year.

In 2022, the main priority of SPP remained unchanged – to be a reliable, responsible and secure supplier of energy and other services to our customers. As a result of Russia's unjustified invasion of Ukraine, we faced a new key challenge in the need to strengthen our energy security by diversifying gas supplies. Along with the diversification of gas supplies, as the largest supplier of energy in Slovakia SPP bore huge responsibility in ensuring sufficient volumes of gas for the 2022/2023 winter heating season.

Thanks to our responsible approach to doing business, the expertise and high-level commitment of our employees, SPP concluded diversification contracts in 2022 that enabled the company to secure up to 65% of gas supplies to our customers from non-Russian sources. At the same time, throughout the past year SPP procured a record volume of gas for storage in storage facilities. With these measures, the company fundamentally strengthened the energy security of Slovakia for the 2022/2023 heating season and beyond.



65%

of gas supplies
from non-Russian
sources

2030

In-house production of electricity
and gas from renewable sources in
accordance with the SPP 2030 Vision

As a result of major hikes in energy prices on the commodity markets, throughout the year SPP cooperated intensely with all relevant entities, most notably the Ministry of Economy of the Slovak Republic as the company's sole shareholder, in preparing measures to mitigate the impacts of high energy prices on end consumers. As part of these measures, SPP adopted multiple tasks that mitigated the impact of higher electricity or gas prices on end customers in Slovakia.

However, despite these latest challenges, SPP did not ease up on the goals set out in its long-term strategy, such as business development, RES creation, or the provision of ESCO services etc. It is precisely the investments in these areas that will prove to be of key importance in reducing fossil fuel consumption and cutting emissions of greenhouse gases. In 2022, SPP compiled and published the SPP Sustainability Report for the first time, in which it sets out in detail the goals of sustainable investments into improving energy efficiency and developing renewable energy sources by 2030.

Economic and Financial Performance

Comparison of financial results (in EUR million)

	2022	2021
Revenues from customer contracts	3 955	1 924
Profit before tax	16	244
Income tax	9	(10)
Profit after tax	25	234



In 2022, SPP's **revenues from customer contracts** totalled €3 955 million, up more than €2 031 million year-on-year. Revenues were positively influenced primarily by higher natural gas and electricity sales, both on the domestic market and abroad. Compared with the previous period, SPP's trade volume in natural gas rose sharply on the foreign markets.

Key items in operating expenses

comprised gas purchase costs, gas storage costs and electricity purchase costs. Those comprised mainly gas transmission and storage costs that saw a steep year-on-year rise due to the diversification of sources and the maximisation of gas reserves.

Despite the extraordinary situation experienced in 2022, SPP reported a positive **operating income** of €20 million.

Loss from financial operations

before tax came to €4 million in 2022, mainly as a result of higher interest cost. In 2022, SPP was forced to draw a significant volume of current loans, chiefly with the aim of financing the purchase of much higher volumes of gas reserves to safeguard stable supplies to all our consumers throughout the 2022/2023 heating season. Total income tax represents a revenue of €9 million and relates to the impact of deferred income tax. Profit after tax amounted to €25 million, down €209 million against the previous year, caused by the fact that SPP Infrastructure, a.s. did not pay out any dividends.

Capital Structure

Total assets

of SPP rose to €6 520 million as of the balance sheet date. They were up €1 041 million against the previous period (index of 1.19). Non-current assets amounted to €2 397 million. Among key items in non-current assets were long-term financial investments and real-estate investments, followed by buildings and plants (including unfinished capital construction).

Non-current assets

comprised 36.8% of total assets. The entry 'Buildings, plants, machinery and equipment and intangible non-current assets' fell by €8 million compared with the balance as of 31 December 2021. Other non-current assets rose by €123 million against a year earlier and non-current financial investments stayed at the 2021 level.

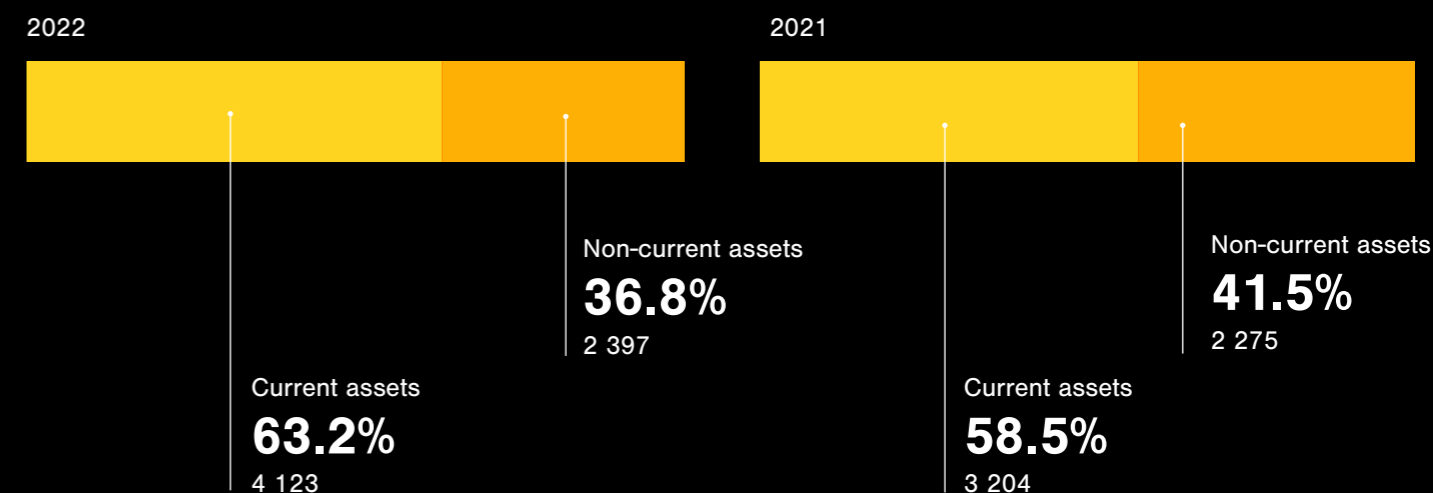
Capital expenditures

totalled €8 million in 2022. The company invested mostly in technical, commercial and IT communication systems, as well as in the reconstruction of SPP's office buildings and facilities.

As of the balance sheet date, current assets

consisted of receivables, inventories and cash. Their total volume reached €4 123 million, which accounts for 63.2% of total assets. They rose by €919 million against the previous year. This substantial increase in current assets was caused by rising receivables, particularly receivables from financial non-hedging derivatives and receivables from gas sales. The year-on-year increase in gas reserves came out at €1 329 million. Compared with the previous period, the balance of financial means fell significantly, caused mostly by a sharp increase in commodity prices on exchanges and the company's year-long efforts to maximise the volume of natural gas reserves.

Assets Structure Comparison (in € million)



Shareholders' equity

reached EUR 3 164 million in 2022, representing 48.5% of the company's total capital. In addition to share capital, equity included the statutory reserve fund, other funds, retained earnings and income of the current period. Shareholders' equity in SPP rose by €365 million year-on-year. This increase was down to the fact that the state, as the sole shareholder, boosted SPP's cash at hand in the form of a €500 million deposit to the company's capital funds to ensure financial stability and the ability to handle potential crisis situations on the natural gas market during the winter months.

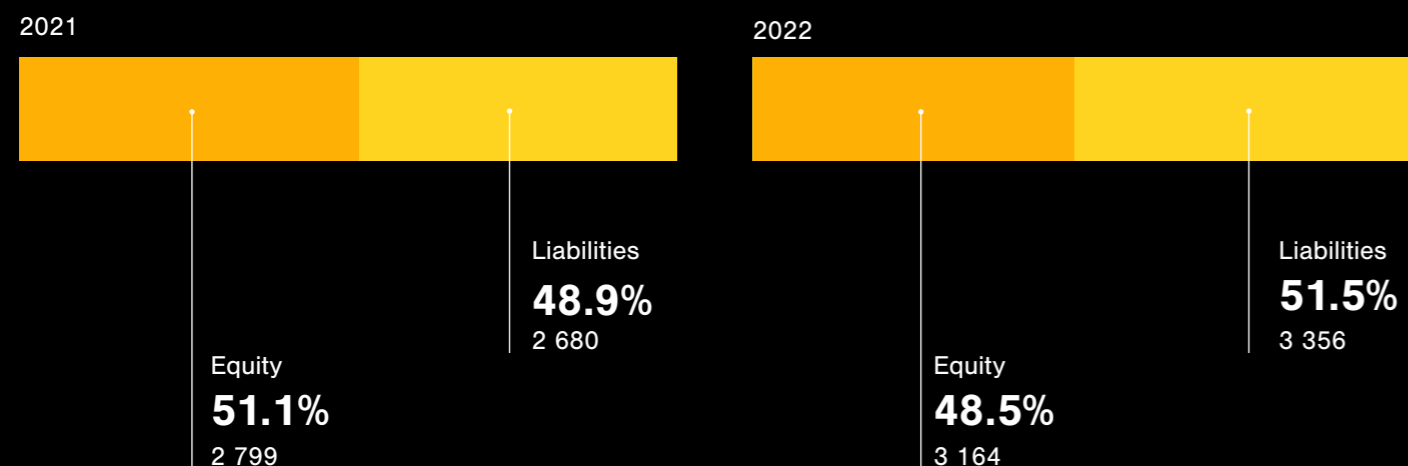
The company's **share capital** consisted of the capital registered in the Commercial Register, comprising €885 million. It consists of 26 666 536 ordinary shares with a par value of €33.19.

**SPP Shareholder Structure
as of 31 December 2022**

100% Ministry of Economy
of the Slovak Republic

26 666 536 shares

Comparison of Total Capital Structure (in € million)



The balance of the company's statutory reserve fund stood at **€1 198 million** as of 31 December 2022.

In 2022, **liabilities** totalled €3 356 million, up €676 million against the initial balance. Total liabilities comprised non-current liabilities of €405 million and current liabilities of €2 951 million. The year-on-year change was due to higher non-current and current liabilities from a significant increase in costs caused by rising prices of purchased commodities. The requirements for margin hedging of exchange and bank transactions, coupled with high prices and the maximisation of gas reserves, impacted the higher volume of current loans drawn by SPP.

Equity Holdings

Subsidiaries, joint ventures and affiliated companies

SPP Infrastructure, a. s., Bratislava	(SPP share 51%)
SPP CZ, a. s., Brno, Česká republika	(SPP share 100%)
SPP CNG s. r. o., Bratislava	(SPP share 100%)
ESCO Slovensko, a. s., Bratislava	(SPP share 50%)

Other subsidiaries

Nadácia SPP, Bratislava	(SPP share 100%)
Ekofond SPP, n.o.	(SPP share 100%)

The company operates an organisational unit in the Czech Republic.

Risk Management

The period of 2022 was dominated by Russia's military invasion of Ukraine. The events that followed resulted in a market situation characterised by unprecedented volatility of gas supplies from the Russian Federation, energy security concerns and subsequent steps taken with the aim of diversifying sources and procuring sufficient gas volumes for the winter of 2022/2023. The said facts manifested mainly in a record increase in gas and electricity market prices on European exchanges, an enormous increase in the volume of imported liquefied natural gas and record gas volumes stored in gas storage facilities as of 31 December 2022. The side effects of these unexpected changes included interventions by European governments aimed at mitigating the consequences of rising prices for European consumers, financial injections provided to energy suppliers due to significant losses caused by failed supplies from the Russian Federation, greater requirements for liquidity caused by price hikes and the need to maximise the balance of gas reserves.

SPP promptly responded to the situation emerging on the markets by diversifying natural gas sources, modifying the strategy of how the company works with its gas storage facilities and through related changes in implementing the hedging strategy and managing the company's liquidity. Throughout this

process, SPP relied on its functional conservative risk management strategy for minimising market and other risks, thanks to which the company handled this extraordinary situation without major impacts on the financial results or company stability.

The adopted risk management strategy that centred on ensuring financial and operating stability, thus remains a key pillar for achieving the company's business and development goals, also with respect to the challenges of 2023.

The risk management system in SPP includes a respective organisational structure with clearly defined lines of responsibility, as well as effective procedures in risk identification, analysis, evaluation, handling, monitoring, review, recording and reporting. These procedures make it possible to minimise financial losses or other negative consequences of a potential manifestation of risks so that they do not significantly affect SPP's capacity to conduct its business activities and provide services to customers. The risk management system addresses all known risks to which the company is or may be exposed.

Energy Trading

In managing its risks, in 2022 SPP focused mostly on the following:

- (a) Market risks that manifested in 2022 on the purchasing side mainly in the form of unstable supplies from the Russian Federation under the long-term contract with Gazprom Export, while on the sales side these were mainly due to uncertainties in the volumes offtaken by end consumers as a result of rising commodity prices and record high price levels and price volatility. In 2022, SPP continued in its strategy to minimise open positions by implementing a conservative hedging policy and by managing limited open positions in the portfolio within set limits;
- (b) Credit risks relating to the potential inability or unwillingness of business partners to timely meet their contractual obligations towards SPP. SPP manages this risk using its internal credit risk assessment process and by setting the payment and price conditions for defined counterparties and segments with the aim of minimising both credit and potential market risks. Where necessary in order to hedge against above-limit credit risk, the company uses third-party guarantees, bank guarantees and the mutual offsetting of receivables;
- (c) Liquidity risks pertaining to the potential default of SPP in meeting the company's liabilities towards third parties. SPP manages this risk by continuously monitoring the liquidity situation,

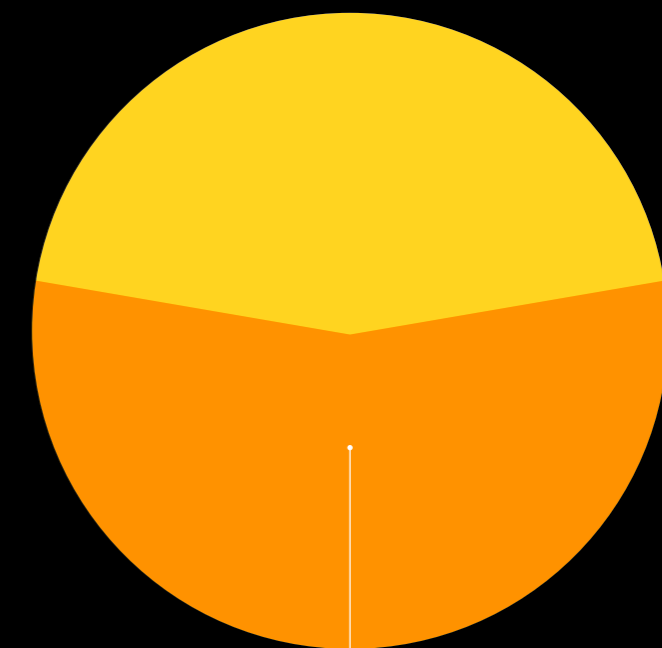
including the application of stress tests with subsequent management of credit lines, existing contractual relations and others;

- (d) Operating risks arising from deficiencies in internal processes, information systems, from possible human error or from the occurrence of adverse phenomena in the external environment that impact internal processes;
- (e) Other risks, in particular strategic, regulatory and legal risks.

SPP – The leader in energy supplies

In 2022, SPP once again confirmed its position as a responsible and reliable energy market leader in Slovakia with about 1.5 million points of supply.

In the past year, SPP supplied 27 TWh of gas to end customers in Slovakia. SPP's total share in the gas market reached almost 58%. Electricity sales to end customers totalled 1.5 TWh. The share of SPP in the household electricity segment rose to about 12%. With this result, the company confirmed its stable position among the four largest electricity suppliers. Of all the suppliers, most customers have chosen SPP as their new electricity supplier since the opening of the energy market. At the end of last year, the company supplied electricity to almost 300 000 points of supply.



12%
Share of SPP in the household electricity segment

Share of SPP in the gas market
58%

Volume of energy supplied to end customers in 2022

Gas
27 TWh

Electricity
1.5 TWh

Developments in the gas and electricity market

In 2022, overall gas and electricity consumption in Slovakia fell year-on-year as consumers endeavoured to cut their energy costs, sometimes even involving industrial production shutdowns due to wholesale gas and electricity prices rising sharply on the market, hitting all-time highs during the summer season. The lower consumption was also due to above-average warm weather and the slower recovery of the post-pandemic economy because of growing inflation pressures. The European gas market was greatly affected by restrictions on import flows from Russia through main gas supply lines, combined with the dynamic rise in the importance of supply diversification, in particular by importing liquefied natural gas (CNG) to the continent. The geopolitical tensions led to more emphasis being put on stocking up European underground storage facilities ahead of the 2022/2023 heating season. We succeeded in achieving the established target to have storage facilities filled to 80% as of November 1, also with the help of a relatively warm autumn season. In 2022, the inflation pressures did not elude the prices of other energy commodities either. The extreme dry summer season and ongoing reforms of the European Union's

energy and climate policy also contributed to raising the prices of emission allowances. EU member states also approved and adopted multiple intervention measures to protect consumers from high electricity and gas prices.

Gas purchasing and storage

SPP has long been actively trading gas on international commodity markets, where it achieves the short-term and long-term optimisation of sources available to the company. The primary purpose of purchasing gas in 2022 was to cover demand and to create reserves for the domestic market. As a result of unstable supplies by Gazprom export LCC, SPP procured alternative sources to supply its customers and drastically diversified its portfolio. To balance temperature differences between the summer and winter seasons, SPP uses the storage capacities at its disposal in Slovakia. In addition, the company also has other storage capacities abroad. SPP managed to completely fill its storage capacities to 100% ahead of the winter season and maintained the balance of reserves at historical highs to the end of 2022. SPP's priority is still the reliability of supplies to our customers.

Activities in the Czech Republic

SPP has been operating in the Czech Republic through its subsidiary since late 2008. The volume of gas supplied in 2022 by SPP CZ, a.s. totalled around 1.80 TWh. By this result, the company confirmed its position among respected and stable energy suppliers. SPP supplies gas to customers in Czechia in all segments, including gas traders, large industrial companies, customers in the small businesses and organisations segment, and also households. The company has been successfully offering electricity to customers in the households and small customers segment for almost two years already, with more than 5 000 points of supply.

Putting the customer first

In 2022, SPP confirmed its position as a leader in reliability, availability, and premium customer service. Last year, the company opened its third SPP Customer Centre in a shopping mall, this time in OC Novum in Prešov. Yet another modern SPP Customer Centre that provides visitors with quality services combined with state-of-the-art technology. The new customer approach concept won the Visa Slovak Top Shop prize, awarded to

the SPP Customer Centre Nivy for the month of August. It received huge praise for modern elements, utilisation of digital technology, navigation and visual style.

SPP provides services to its customers via a network of 20 SPP Customer Centres. In 2022, SPP focused on developing digitalisation and improving the quality of its online customer services through the company's My SPP portal. SPP made major changes to its corporate website with the emphasis on customer experience and simplification of information access.

For household gas customers, SPP utilised price-fixing tools to secure the required commodity volumes at the agreed guaranteed price. The adoption of these measures had a stabilising effect on price fluctuations on the energy market. SPP customers are given the option of the dual supply of electricity and gas "under one roof". In 2022, the company prepared a follow-up to the successful campaign *Clean Energy From SPP* through the two campaigns *Slovakia's Biggest CO₂ Filter is the Forest* and *The Biggest Clean Energy Generator is the Sun*, which focused on supporting sales of complementary green services – Carbon Footprint and Clean Energy. The communication concept *Clean Energy From SPP* won a unique award in the

Utilisation rate of SPP's capacity in the storage facility

100%

national marketing communication effectiveness competition – Effie.

Through its complementary services *Clean Electricity From SPP*, *SPP Carbon Footprint* and *Ecofee From SPP*, the company offers customers the supply of electricity produced from renewable energy sources (RES) and covered by guarantees of RES electricity origin, as well as information and advice on how to reduce one's impact on the environment.

In the **Small Businesses and Organisations** (Small Customers) segment, SPP continued in 2022 to provide its customers with one of the best offers on the market. Based on their own preferences, customers could choose from the range of SPP products based on discounts on the standard price list or based on fixed prices during the contractually agreed period. Customers continued to express interest in the beneficial electricity offer from SPP. Last year, the company supplied electricity to more than 15 000 points of supply in the business segment. Some customers in this segment became part of our initiative to restore the protected forests of Slovakia

The products and services offered by SPP to **corporate customers** focused on the company's expertise, an individualised service, long-term good relations and trust, as well as on the guaranteed secure and uninterrupted supply of energy. SPP received positive feedback in this segment thanks to its progressive and flexible approach to creating business offers and the contractual terms and conditions for customers, reflecting latest market prices.

Prices and regulation

The supply of gas to customers in the household segment with the agreed D1 – D6 tariff types, as well as to small business customers, continued in 2022 to be subject to price regulation by the Regulatory Office for Network Industries (RONI).

In 2022, the supply of electricity to households and small businesses was also subject to price regulation by RONI.

A small business in 2022 was defined as an end gas customer from the Small Businesses and Organisations (Small Customers) category with 2020 gas consumption not greater than 100 000 kWh, or an end electricity customer with electricity consumption not greater than 30 000 kWh.

In 2022, the group of vulnerable customers entitled to regulated prices got extended. From 2023, this group includes undertakings providing social services, social and legal child protection services and social guardianship, as well as customers using electricity or gas to produce heat and hot water for households in a common heat and hot water production facility. At the same time, the Government of the Slovak Republic and the Ministry of Economy of the Slovak Republic adopted multiple measures, in reaction to the exceptional hike in electricity and gas prices, so as to mitigate the impacts on certain customer groups in 2023.

In 2022, SPP acted as a supplier of last resort in gas supplies, in accordance with RONI's decision. Supplies of gas in this mode are subject to price regulation by RONI. SPP supplied gas in the last resort mode without any interruptions or restrictions.

Development of products and services focusing on sustainability

In 2022, SPP again successfully operated as a purchaser of electricity produced from renewable energy sources (RES) and high-efficiency combined heat and power (CHP) sources. The company provides its reliable services to over 2 000 manufacturers operating throughout Slovakia. The company supplied electricity produced from RES in Slovakia and covered by guarantees of RES electricity origin directly to its customers via its *Clean Electricity From SPP* and *Clean*



SPP operated photovoltaic power plants at the company's sites in Bratislava and Košice.

PTV Electricity services. The purchaser's activities enabled SPP to become a major player in the trading of electricity produced from renewable sources.

At the end of the year, we expanded the portfolio of services to include *Clean PTV Electricity*, which not only gives customers coverage of a fixed volume in MWh, but also means they support projects for the construction of photovoltaic panels on public buildings, mostly schools. A fixed amount will be regularly transferred each month for this very purpose from customers' payments. In 2023, the whole amount will be distributed to projects selected by public voting.

As part of the *Clean Electricity From SPP* and *Clean PTV Electricity* services, the company sends personalised video advice to its customers, giving them tips on how to behave more environmentally-friendly. This means customers get information on potential savings calculated on the basis of their consumption data. SPP supported this service with the successful online campaign "*Origin of Electricity Also Matters*", which emphasised its important environmental aspect. In addition to personalised information on how to cut costs and CO₂ emissions, customers also receive a certificate of support for renewable energy sources or support for projects for the construction of PTV electricity sources in schools.

In 2022, a crucial service linking the portfolio of SPP products and services to the company's activities in the field of sustainability, environmental protection and corporate social responsibility was the **SPP Carbon Footprint+** service. The essence of this service was not just to provide customers with advice on how to save energy and behave more sustainably in all areas, but with each concluded contract SPP committed itself to planting trees in the protected forests of Slovakia. Together with its customers, SPP has planted more than 450 000 saplings so far. The advice and tips given to customers on possible energy savings and how to behave more sustainably were prepared in 2022 in cooperation with authorities in topics like fast fashion, lifestyle and diet changes, among others. This service also included personalised videos and a personalised certificate informing about the number of trees planted annually in line with the commitment given in the contract.

Business Development

Achieving a reduction of greenhouse emissions and carbon neutrality will require a combination of measures. These should be based on improving energy efficiency through comprehensive energy services and the development of renewable energy sources. In SPP, we perceive the ambitious goals to reduce greenhouse gas emissions and protect the environment as opportunities to develop our business even further. To this end, investments into improving energy efficiency and developing renewable energy sources form part of the SPP Vision and Strategy 2030, which the company adopted in 2020, reflecting the company's sustainability goals up to 2030 as set out in the first SPP Sustainability Report compiled last year for the 2021 period.

Energy and biological waste recovery centres

While preparing projects in cooperation with our partner, Austrian company Brantner, SPP acquired a lawful environmental impact assessment for its project in Nové Zámky. Regarding the project in Martin, a first-instance decision has been issued and design work continues on both centres to enable the procurement of necessary technology and the construction of these centres as soon as possible. Their unique technology will convert waste that currently ends up in landfills into biomethane, biocompost or even recycled secondary raw materials and solid alternative fuels. In terms of innovation and the utilisation of state-of-the-art technological solutions, the Energy and Biological Waste Recovery Centers are at the top of the imaginary ranking of options available in waste processing.



Renewable energy sources

SPP considers improving energy efficiency and developing renewable energy sources (RES) as key tools for achieving carbon neutrality.

In 2022, SPP put the company's first photovoltaic power plants (PVPPs) into operation on our grounds in Bratislava and Košice and initiated more projects for the use of local sources on SPP's grounds in Michalovce and Martin. SPP also initiated the development of projects for the company's own PVPPs with the projected output ranging from a few kW to single-digit MW at the facilities of our commercial customers. The PVPPs for schools initiative generated a lot of interest. The first 6 projects are already being implemented and more are in the pipeline.

As part of activities in support of RES development, in 2022 SPP successfully continued its activities as a purchaser of electricity from renewable sources (RES) and high-efficiency combined heat and power (CHP) sources. The company provided its reliable services to more than 2 000 manufacturers throughout Slovakia. In Slovakia, SPP supplies electricity produced by RES directly to its customers.

Another promising development concerns more comprehensive RES projects combined with battery storage centres, which will enable improved flexibility of the power grid and storage of electricity coming from renewable sources.

Energy services

In addition to its own production from RES, SPP has been primarily investing in the development of services to improve energy efficiency through energy services (ESCO) via the company ESCO Slovensko, a.s., a joint venture of SPP and ČEZ ESCO, a.s. This joint venture completed a number of interesting projects in 2022 aimed at both the public and private sector, as well as acquisitions that will contribute to further expansion of the ESCO services portfolio in future.

The year 2022 also saw SPP provide energy services via the company’s own ESCO sub-department. It offers customers products and services related to the design of energy solutions, the assessment of energy sources, the decarbonisation of sources, energy audits and energy saving advice.

SPP was also involved in cogeneration and trigeneration projects, i.e., sources that simultaneously produce electricity, heat and cold (CHP) not only for internal consumption, but also to supply energy produced by the company’s own RES located on SPP’s grounds in Bratislava to new external customers.

Mobility

In 2022, SPP continued to support the utilisation of CNG as a more environmentally-friendly alternative to traditional fuels. Through its subsidiary SPP CNG s.r.o. (SPP CNG), the company provided continuous and reliable operation of the network of CNG filling stations. CNG sales totalled 4.01 million kg in 2022, up 32% against 2021.

The present development of SPP’s network of CNG filling stations focuses on bus transport and municipal waste collection. In 2022, a high-capacity CNG filling station was opened in Martin, serving also to supply

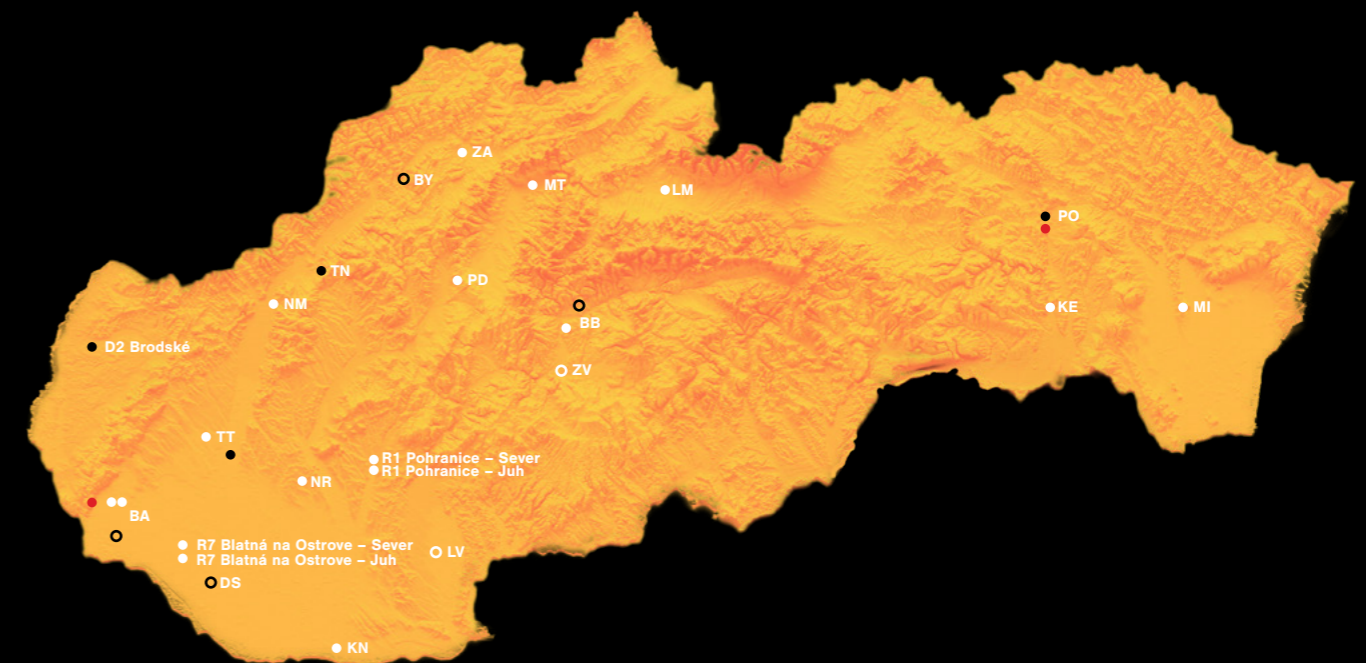
CNG to buses operated by the Martin Public Transport Company. The construction of the CNG filling station in Trenčín has begun as well and once finished (completion of construction is planned for the summer of 2023), it will be used to fill buses of the public transport operator.

The development of SPP’s CNG filling station network for the public focuses on filling the gaps along the new road infrastructure by completing the construction of new stations. In August 2022, two CNG filling stations were opened on the R1 motorway near Nitra at the Pohranice North and South rest stops. The company SPP CNG s.r.o. currently operates 17 CNG filling stations.

The latest news in this field is the final approval for use of the first SPP LNG filling station in Trnava at the end of 2022. The construction of two more LNG filling stations in Prešov and on the D2 highway near Brodské is underway as well. All these stations form part of the fuelCNG project with grant support from the European Climate Infrastructure and Environment Executive Agency (CINEA). They will be open to the public in 2023. The filling stations will focus on servicing both domestic and international freight traffic within the European TEN-T corridor.

SPP is also investing in the development of a network of electric charging stations. In 2022, the company launched operation of its own multi-stand electric charging stations in Bratislava, Zvolen and Michalovce. Given the potential of hydrogen-based technologies, SPP positioned itself in this field and initiated the preparation of several hydrogen projects in 2022. The first hydrogen filling station was prepared to be put into operation in Košice.

Infrastructure of CNG Filling Stations



Map legend:

- SPP CNG – in operation
- SPP CNG – under construction
- SPP CNG – partner stations
- Other public stations
- Other public station – under construction

Our Employees, the Key to Our Success

The main challenge of SPP in 2022 was to keep employees motivated and engaged in the context of external influences, such as the energy crisis, rising inflation, or the war in Ukraine. The management's open and transparent communication with employees, the development and education of employees, and the granting of support and benefits, ensured continuity for the company in the provision of customer services and the fulfilment of established corporate goals.

Employee relations

SPP employees enjoyed benefits in accordance with the Collective Agreement in force.

In 2022, collective bargaining took place concerning the Collective Agreement for the upcoming period. This resulted in the new Collective Agreement for 2023-2024. The agreement mainly focuses on remuneration, but it

also introduces new benefits in the field of health care, such as preventive premium standard employee medical checks. SPP continues to appreciate its employees on the occasion of their work anniversaries. Employee benefits include contributions to supplementary pension savings. SPP also does not overlook employees who find themselves in a difficult life situation. To help them cope, the company

provides them with support in the form of financial contributions. Based on experience gained from the Covid period, the company has introduced working from home as a standard option, in line with best market practices.

SPP remains a member of the **Coalition of Employers for Mental Health**. In cooperation with the **League for Mental**

Health, the company brought online discussions to employees on various interesting topics in the field of mental health. The company has regularly provided employees with verified and up-to-date information supporting a healthy lifestyle, for instance through the traditional event **SPP Health Days**. As part of **SPP Health Days**, employees had a chance to have their health checked and get inspired by lectures on many

interesting topics on physical and mental health. At the same time, employees had the opportunity to make use of the Helpline, through which they were able to consult with experts on their work-related and personal problems. The opportunity to use the Multisport Card contributed to promoting a healthy lifestyle among employees.

As part of the corporate culture management and development

project, SPP organised a new round of the annual internal competition – **Best Team of 2021** and **Best Employee of 2021**. The aim of the competition is not just to award and highlight the work of the company's best employees, but also to support personal initiative shown by individual employees and teamwork in fulfilling set goals.



Development and education

In the field of employee development and education, SPP organised training activities in 2022 as required by the company and employees. Training mostly focused on developing and broadening expertise, developing managerial skills, strengthening digital skills, critical thinking and customer orientation. The training and developmental activities were also aimed at supporting the sharing of internal know-how among employees, supporting informal relationships and boosting the mental and physical health of employees.

In 2022, the company launched the new internal portal called Our SPP with the goal of digitising the training process. The portal allows the budgeting of training costs, the planning and approval of training activities, the taking of e-learning courses and keeping records on attended training courses.

SPP continued smoothly in the ongoing 2-year development programme for employees with promising skills – **SPP High Potentials**. In 2022, SPP allowed university students to do their internships at the company as part of the framework of the **SPP Graduate Programme**.

In addition to that, SPP organised standard employee training in the field of occupational health & safety and cyber security, as well as in the field of compliance. In the coming period, SPP will continue to focus on improving the skills of its employees in areas important for maintaining the company’s competitiveness and customer trust.

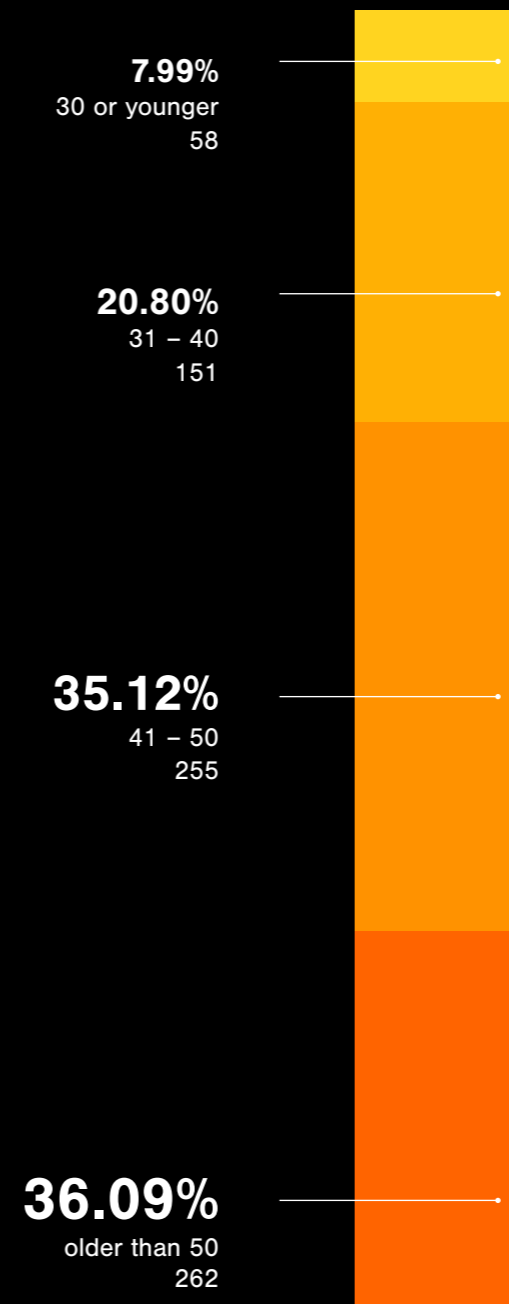
Employee structure

As at 31 December 2022, the company had 726 employees. Of those, 478 were women – representing 65.84% of the total workforce.

726
employees of SPP

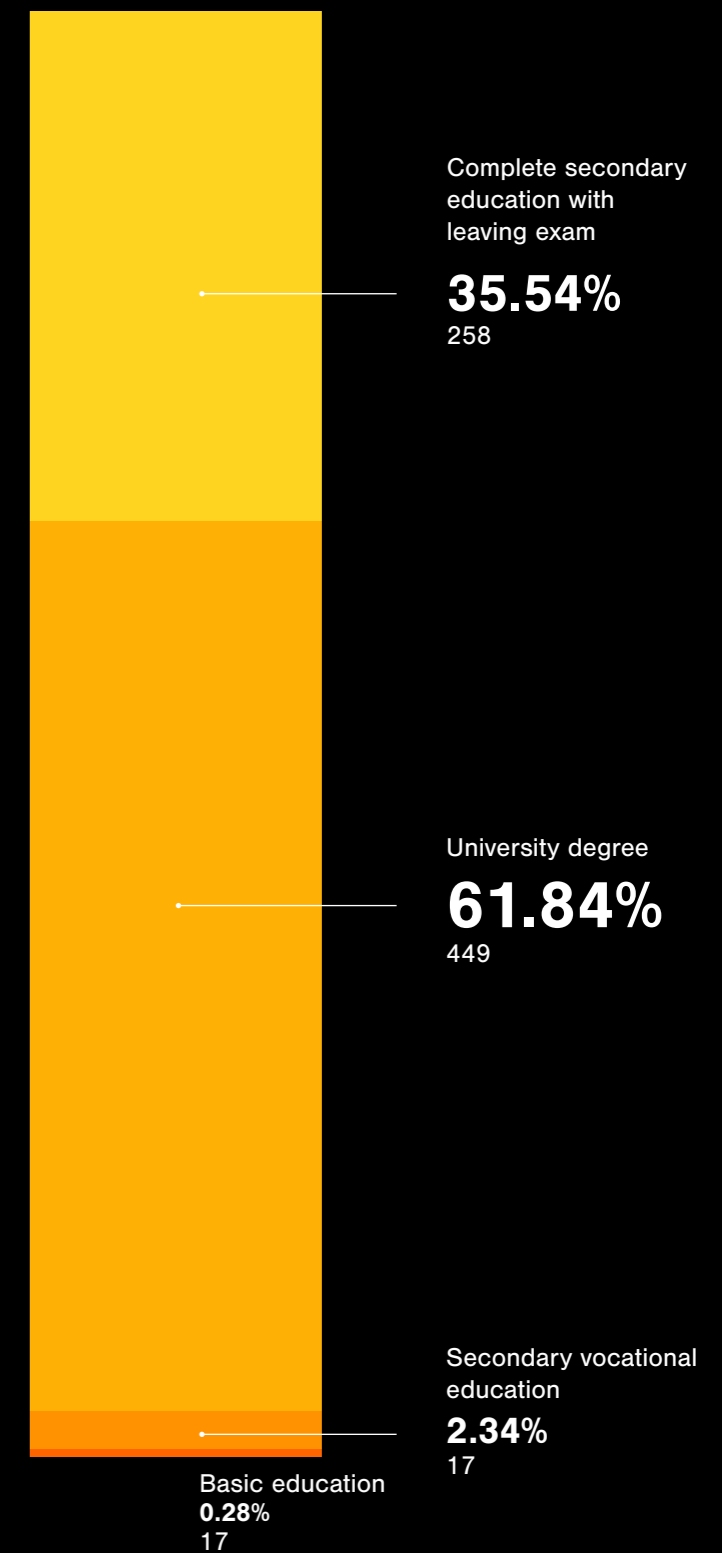
65.84%
of the total workforce

Employee Age Structure
as of 31 December 2022



The average employee age as of 31 December 2022 was 45.68 years of age.

Employee Qualification Structure
as of 31 December 2022



Sustainability and Corporate Social Responsibility

In the interest of providing transparent information to the public on non-financial matters relating to SPP's activities, SPP published for the first time in 2022 the comprehensive Sustainability Report compiled in accordance with GRI standards. The Sustainability Report includes the assessment of SPP's environmental impacts, the calculation of SPP's carbon footprint, relations towards employees and business partners and assistance to communities through the activities of Nadácia SPP (SPP Foundation) and Ekofond SPP. Reflecting on key impacts of SPP, the SPP Sustainability Report 2021 also includes the future goals of SPP for improving business sustainability and for reducing greenhouse gas emissions:

- 2050 – to achieve 100% reduction in total greenhouse gas emissions
- 2040 – to achieve 100% reduction in emissions resulting from SPP's internal consumption
- 240 GWh – biomethane production by 6 EBWRC (Energy and Biological Waste Recovery Centres) projects for the production of renewable gas that we will put into operation by 2030; of which 3 EBWRC projects will be operational by 2026
- 200 MW – total installed output of sources for our electricity production from RES to be put into operation by 2030; of which half will be put into operation by 2026

- 1.5 MW – total installed output of sources for electricity production from RES for internal consumption at our own sites, to be put into operation by us by 2026
- 5 MW – total installed output of electrolysers to be put into operation by us by 2026
- 5 MW – total installed output of the battery storage facility to be put into operation by us by 2026
- €460 million – financial value of investments in the production of energy from RES spent by 2030 (independently or in cooperation with partners); of which €230 million will be spent on investments in RES energy production by 2026
- 200 000 – number of saplings planted in protected forests in 2022
- 300 – total number of saved century-old firs in Kežmarské Žľaby in 2021-2022
- 30% – share of women holding middle and top management positions by 2026
- To minimise paper consumption and to become a paperless company by 2026
- To introduce and evaluate sustainability standards in the supply chain by 2026

The company perceives the regular preparation of its Sustainability Report as a means to assess the impacts of SPP's business activities and to fulfil established

goals. The company therefore plans to continue compiling them in the coming years.

Pursuant to obligations arising from Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment (hereinafter the "Taxonomy Regulation" or "EU Taxonomy"), SPP assesses and publishes information about the proportion of its turnover, capital expenditures and operating expenditures for the 2022 period that are associated with taxonomy-eligible or taxonomy-aligned economic activities in the EU Taxonomy Compliant Reporting section found on page 48 of this Annual Report.

The taxonomy-eligible economic activities are provided in the list published as part of the Climate Delegated Act amending the EU Taxonomy regulation and in the Complementary Disclosures Delegated Act as regards specific public disclosures in certain energy sectors. The said list only includes a very limited list of activities, which to a large extent does not cover business activities of SPP in the field of electricity and gas supply, which formed a substantial portion of SPP's turnover. The list of taxonomy-eligible activities likewise does not cover investments regarding real estate management and IT systems, which formed a substantial portion of capital expenditures and operating expenditures of SPP. With this in mind, SPP pursued activities featured in the list published under the EU Taxonomy only to a very limited extent in 2022.

In 2022, SPP continued preparing projects for the company's own production of electricity and gas from renewable sources in accordance with the targets adopted in the SPP Sustainability Report 2021. These projects will be gradually put into operation in the coming years. At the same time, SPP continued with its activities as an electricity purchaser, providing services to producers of electricity from renewable sources, and

with providing energy services via its subsidiary ESCO Slovensko, a.s.

As an energy market leader, SPP is aware that part of being a responsible and sustainable business lies in its relationships with people, communities, and the country in which it operates, which is why the company perceives its corporate responsibility and activities on the development of the ESG concept as its long-term commitment.

SPP pursues activities in the field of social responsibility, philanthropy and sponsorship mostly based on long-term partnerships, either directly or via the non-profit organisations of which it is a founder, i.e. Nadácia SPP (SPP Foundation) and Ekofond SPP, as well as the SPP Gallery and the Slovak Gas Museum. These are mostly in the field of protecting the natural and cultural heritage of Slovakia, environmental protection, supporting culture, art, education, communities, disadvantaged groups and sports activities.

PROTECTING NATURAL HERITAGE AND THE ENVIRONMENT

Together with our customers, we have planted more than 115 000 saplings in the protected forests of Slovakia

In line with the *SPP Carbon Footprint* product, together with our customers we supported the planting of more than 115 000 saplings in 2021. We planted saplings in the protected forests of Slovakia for every customer who chose this product in 2021. When planting new trees, SPP makes sure that it populates forests where mature trees have the opportunity to make a real contribution to reducing greenhouse gas emissions and to protecting the atmosphere and biodiversity. These areas were always of European importance – NATURA 2000 – or protected bird



The photo shows the planting of trees in the spring of 2022 in the Žiar Valley

450 000

trees planted

together with our customers in protected forests

nesting areas with species such as the golden eagle, wood grouse and other protected bird species.

Ekofond SPP saved 361 century-old firs in the High Tatras

Ekofond SPP is also active in environmental protection. In cooperation with the Tatra National Park Administration (TANAP), it has till now contributed to the protection of 361 century-old fir trees at various locations in the TANAP parks, thus jointly rescuing a total 33 000 m² of forest area. The average age of these firs of up to 26 metres in height ranges between 115 and 140 years. The saved trees, which are rare not only by their age, but also by their reproductive ability, thereby ensure the natural renewal of the forest cover in TANAP. At the same time, the fund supported the management of wetlands at this location, spanning an area of 7.35 hectares. In this way, Ekofond SPP raises awareness of the importance of preserving the original Tatra Mountains natural gene pool and draws attention to the irreplaceable importance of forests, not only as part of our natural heritage, but also as an irreplaceable tool for mitigating the impacts of climate change, air protection and biodiversity.

In cooperation with the Bratislava Regional Conservation Association, Ekofond SPP was devoted to planting trees and facilitated the planting of 2 600 white, grey and black poplars in the natural floodplain forests of the terrestrial Danube delta in the ISTRAGOV locality. The fund also contributed to the restoration of wetlands at this location.

Ekofond SPP considers it beneficial to link activities in the field of sustainability and environmental protection to education. Therefore, in 2021 Ekofond SPP continued with its project focusing on ecological beekeeping and, in cooperation with the Slovak University of Agriculture in Nitra, it initiated the gradual transformation of SPP company grounds

361

century-old firs

saved in the High Tatras thanks to Ekofond SPP

into low-maintenance patches that effectively capture rainwater, support variety and biodiversity and act as a rich source of food for our bees. Ekofond SPP also educated children and young people about bees and their importance in protecting biodiversity. The SMART ENERGY exhibition, which is on display not only in the Slovak Gas Museum but also at four secondary schools where the Energy Equipment of Buildings Technician study course is taught, was designed to arouse interest in innovations in areas such as energy efficiency, smart technologies, and smart solutions in energy utilisation.

Since 2022, all educational activities of Ekofond SPP are under the umbrella of the **Ekofond SPP for the Future** educational programme, which is unique as its purposeful activities combine elements of environmental education, teamwork, critical thinking topics in working with information and by creating a link to values in the field of morality, ethics, and journalistically-responsible work. This programme aims to entice and deepen interest in environmental topics, disseminate “energy literacy” and support sharing goals/projects/activities/information among peers and close persons or even broader communities by using media, in particular social media. The programme’s ambition is to gradually open various topics focusing on energy (not just as a physical

2 600

white, grey and black poplars

planted in the natural floodplain forests of the terrestrial Danube delta in the ISTRAGOV locality

quantity), energy efficiency, environmental protection and sustainability.

PROTECTION OF THE CULTURAL HERITAGE OF SLOVAKIA AND PROMOTION OF CULTURE AND ART

The SPP Foundation has been a partner of the Cultural Monument of the Year – Fénix competition for 17 years

Nadácia SPP (SPP Foundation) has long supported the protection of Slovakia’s cultural heritage. In 2022, for the 15th time the SPP Foundation was the general partner of the *Cultural Monument of the Year – Fénix* competition announced by the Ministry of Culture of the Slovak Republic. The aim of the competition is to award the efforts of owners of national cultural monuments, volunteers and local governments that invest not only considerable funds into rescuing monuments, but also their energy and time, thereby helping to preserve the country’s cultural heritage for future generations. As is now a tradition, the public were given the opportunity to vote on the special prize awarded by the SPP Foundation. For more information about the Cultural Monument of the Year – Fénix competition and about restored national cultural monuments, please visit www.kpr-fenix.sk.

As part of supporting partnerships, the SPP Foundation supported the **CE ZA AR 2022 Architecture Award** project. The project aims to outwardly present the work of members of the Slovak Chamber of Architects, show it to the public through an annual exhibition and so also to potential investors and local government representatives. The project also aims to educate the public at large on the mission of architects and to promote sound solutions. The CE ZA AR prize is awarded in 6 categories.

The **SPP Gallery** has played an integral part in supporting art and culture since 2000. Since its founding, it has hosted almost 160 exhibitions in various fields of the fine arts. Paintings, photographs, illustrations and sculptures have all found their place in the gallery. The SPP Gallery organised 5 exhibitions in 2022. For instance, visitors could admire an exhibition of fairy-tale creatures and 3D objects from the imaginary world of illustrator and graphic designer Igor Derevenec. The exhibition by the young photographer, the holder of the Wildlife Photographer of the Year award, Martin Greguš, attracted a lot of attention in the autumn when he unveiled the world premiere of his photographs and short films at the SPP Gallery. The 33 Days with Bears exhibition showcased a unique collection of 50 photographs capturing the coexistence between bears and the photographer, who spent 33 days in the Hudson Bay in Canada.

In 2022, SPP was a general partner of the prestigious international **Bratislava Music Festival**, as well as the main partner of the Architecture and Design Days **DAAD 2022**.

The **Slovak Gas Museum** has been mapping the history and present of the gas industry in our country for over 26 years. With more than 400 exhibits, this museum is one of a kind in Slovakia. Nowadays, it also focuses on educating children and young people in areas of energy efficiency, environmental protection and sustainability.

SUPPORTING SPORTS

SPP has been a member of the paralympic family for 18 years

SPP has been a key partner of the **Slovak Paralympic Committee** for 18 years. SPP was once again the general partner of the Slovak Paralympic Team at the XIII Winter Paralympic Games in Peking. It was also thanks to this support that Slovak representatives managed to win 6 medals, including 3 gold medals. SPP sees the provision of support to Paralympic athletes as an opportunity to draw attention to problems encountered by people with disabilities in their daily life. Since 2021, SPP has been the **main partner of the sprinter Ján Volko**. The fastest Slovak achieved a great result in the 100m sprint competition at the European Championships in

Munich, coming 4th despite strong competition from the best sprinters in Europe. Through this partnership, SPP is interested in supporting not only elite athletes, but also the development of talent and promoting physical activity among children and young people at a community level. In 2022, the SPP Foundation announced the **You Too Engage In Sports!** grant scheme aimed at supporting and developing physical activities among children and youth.

Support to communities and disadvantaged groups

In 2022, the SPP Foundation announced grant schemes such as **Together With SPP For Communities** (SPPoločne pre komunitu) for supporting good neighbourly relations and connecting different generations in Slovak communities, **One Step Ahead** (O krok vpred) for rehabilitation of children and adults suffering from neurological disorders of the locomotory system. **Let's Do It With SPP** (SPPpravmeTo) for educational facilities that implement formal and non-formal educational programmes for children and youth, the **Employee Grant Programme** for SPP employees to allow them to provide assistance where they deem it necessary, and the **Crutch** (Opora) grant scheme for social service providers, organisations and institutions dedicated to assisting people with special needs. More info at www.nadaciaspp.sk.

In 2022, SPP also supported the **Way Out** (Cesta von) association that helps children from marginalised groups and improves their chance to break out of generational poverty through education.

Occupational Health and Safety

The occupational health and safety policy in 2022 and the set goals in the field of fire protection was to take care of a safe and healthy working environment in accordance with the requirements of generally binding legal regulations in the field of occupational health and safety and in the protection, promotion, and development of public health. SPP raised the fire protection requirements in buildings and facilities with an emphasis on adapting the legitimate interests of the company and persons working based on contracts and agreements with contractual partners.

No extraordinary event or safety incident was recorded in 2022 by SPP employees that could have negatively affected the life or health of persons, neither at SPP workplaces nor in buildings used by SPP.

SPP is the holder of certificates confirming the implementation of a quality management system as per the requirements of ISO 9001:2015 international standard, environmental management system as per the requirements of ISO 14001:2015 standard and the OHS management system as per the requirements of ISO 45001:2018 international standard within the framework of maintaining the company's Integrated Management System (IMS) for gas and electricity sales. The integration of the ISO 27000:2013 information security management system to IMS took place in 2022 and inspection audits by certification organisations were successfully performed.

Environmental protection

Environmental protection constituted part of the company's top priorities in 2022 period. The adopted environmental management system underwent a successful supervisory audit as per ISO 14001:2015 standard in 2022, by which the company confirmed compliance with the requirements of the applied standard. Aiming to continuously improve our environmental behaviour, in 2022 we proceeded with the planned introduction of the Eco-Management and Audit Scheme (EMAS) at the company headquarters in Bratislava. Presently, the process of including SPP into the EMAS is at the implementation phase, following the performance of an external audit by a certified audit company. The Eco-Management and Audit Scheme is a voluntary instrument of the European Union that assists in evaluating, managing, and improving the environmental performance of a company. It is a suitable tool for achieving environmental and economic objectives, managing significant environmental aspects, risks and opportunities, and achieving compliance with legislative and other requirements.

Waste management in SPP is a targeted process aimed at complying with the principles of environmental protection and the waste management hierarchy. The conditions for collecting separated waste have been created in company premises and the share of separated waste components has been rising over the long term. In 2022, we introduced for employees the collection of biodegradable kitchen and restaurant waste at our offices in Bratislava. The waste collection is done using containers designated for the purpose that are located in kitchenettes. This waste is then recovered by a contractually authorised organisation. In the upcoming period, we plan to expand this collection to include our sites in Zvolen and Košice as well. We carry out the annual optimisation of waste management aimed at maximum recovery of produced waste and the setting of required capacities of collection containers at SPP sites.

The company operates small and medium sources of air pollution. In the course of 2022, the high level of operating safety and rigorous inspections of operated technical facilities have, along with investments, created the prerequisites for reducing emissions of all monitored pollutants released into the air.

Environmental protection, sustainable development and energy efficiency at all levels have become an integral part of SPP's long-term development strategy.

Post Balance Sheet Events

No events occurred after 31 December 2022 that would have a significant impact on the company's individual financial statements.

Financial Statements

Individual Financial Statements of SPP (selected data in € million)

	Year ended 31 December 2022	Year ended 31 December 2021
Revenues from customer contracts	3 955	1 924
Other gains and losses	1 135	72
Purchase of natural gas, purchase of electricity and consumption of material and energy, change in inventories, capitalisation	(4 891)	(1 843)
Storage of natural gas and other services	(106)	(70)
Depreciation and amortisation	(9)	(9)
Personnel costs	(34)	(32)
Adjustments to bad or doubtful receivables, net	9	(3)
Provisions and impairment losses, net	(39)	(15)
Operating profit	20	24
Profit/(loss) from investments	3	221
Cost of financing	(7)	(1)
Profit/(loss) before tax	16	244
Income tax	9	(10)
PROFIT FOR THE PERIOD	25	234

Consolidated Financial Statements of SPP Group (selected data in € million)

	Year ended 31 December 2022	Year ended 31 December 2021
Revenues from customer contracts	4 116	1 969
Other gains and losses	1 133	72
Capitalisation	6	2
Purchase of natural gas, purchase of electricity and consumption of material and energy	(5 046)	(1 884)
Depreciation and amortisation	(9)	(9)
Storage of natural gas and other services	(109)	(73)
Personnel costs	(36)	(34)
Adjustments to bad or doubtful receivables, net	9	(3)
Provisions and impairment losses, net	(39)	(16)
Operating profit	25	24
Profit/(loss) from investments	3	1
Share in profits of affiliated companies and joint ventures	317	277
Cost of financing	(8)	(1)
Profit/(loss) before tax	337	301
Income tax	9	(9)
PROFIT FOR THE PERIOD	346	292
Net profit belonging to		
SPP shareholders	346	292
Minority holdings of other owners of subsidiaries	-	-
Total	346	292

EU Taxonomy Compliant Reporting

Information about the proportion of turnover, capital expenditures and operating expenditures associated with taxonomy-eligible or taxonomy-aligned economic activities in 2022.

The information about the proportion of turnover, capital expenditures and operating expenditures of SPP for the year ended 31 December 2022 describes the proportion of activities associated with taxonomy-eligible economic activities under the first two environmental objectives (climate change mitigation and climate change adaptation) as per Article 8 of the EU Taxonomy.

Under the EU Taxonomy, an eligible economic activity (hereinafter “taxonomy-eligible economic activity”) is an economic activity described in delegated acts supplementing the EU Taxonomy, regardless of whether the economic activity meets some or all technical screening criteria set out in these delegated acts.

An economic activity aligned with the EU Taxonomy (hereinafter “taxonomy-aligned economic activity”) refers to any activity that meets all of the following requirements under Article 3 of the EU Taxonomy:

- contributes substantially to one or more of the environmental objectives,

- does not significantly harm any of the environmental objectives,
- is carried out in compliance with minimum safeguards,
- complies with technical screening criteria in the Climate Delegated Act supplementing the EU Taxonomy regulation.

SPP assessed the activities against taxonomy-eligible economic activities as defined and set out in the Climate Delegated Act (Annex I – Climate Change Mitigation and Annex II – Climate Change Adaptation) and in the Complementary Disclosures Delegated Act as regards specific public disclosures for certain energy sectors (hereinafter “Complementary Delegated Act”). The summary proportion of taxonomy-eligible and taxonomy-aligned activities in individual indicators of SPP is listed in Table 1. The resultant list of all taxonomy-eligible economic activities is summarised in Table 2. The activities listed in Table 2 below contribute to the turnover, capital expenditures and operating expenditures of SPP.

Table 1 – Proportion of taxonomy-eligible and taxonomy-aligned activities in 2022 (turnover, capital expenditures, operating expenditures)

Year ended 31 st December 2022	Total (€ million)	Proportion of taxonomy-eligible (non-aligned) economic activities (in%)	Proportion of taxonomy-aligned economic activities (in%)	Proportion of taxonomy-non-eligible economic activities (in%)
Turnover	4 116.00	0.07%	0.00%	99.93%
Capital expenditures	9.46	0.01%	3.11%	96.88%
Operating expenditures	9.02	11.97%	0.04%	87.98%

Table 2 – Taxonomy-eligible economic activities of SPP

Economic activity	Description	Relevant to KPI	NACE code
4.1. Electricity generation using solar photovoltaic technology	Production of electricity using photovoltaic technology for consumption by SPP and for external customers.	Capital expenditures, Operating expenditures	35.11 42.22
4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	Operation of the co-generation and tri-generation unit for combined production of electricity, heat and cooling for consumption by SPP and for external customers.	Turnover, Capital expenditures	35.11 35.30
6.5. Transport by motorbikes, passenger cars and commercial vehicles	Financial and leasing activities associated with the operation of SPP's vehicle fleet.	Operating expenditures	64 77.11
7.7. Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate	Turnover, Operating expenditures	68

1. Accounting Policies of SPP

Key performance indicators include the turnover indicator, capital expenditures indicator and operating expenditures indicator. The templates provided in Annex II to the Disclosures Delegated Act were used to present indicators for the purposes of EU Taxonomy¹. Given that the indicators must include assessment of the alignment of activities with the EU Taxonomy for the first time for the reporting period of 2022, data for a comparable period are not provided. With respect to the fact that SPP also performs activities specified in the Complementary Delegated Act, the applicable disclosures in Table 6 are provided in accordance with the respective delegated regulation.

1.1. Turnover

The proportion of taxonomy-aligned economic activities in the total turnover of SPP was calculated as the proportion of net turnover from products and services associated with taxonomy-aligned economic activities (numerator) to the total turnover from customer contracts (denominator) for the year ended 31 December 2022.

The taxonomy-eligible economic activities defined in the energy sector include, in particular, the production, installation, construction and operation of facilities, while not including activities associated with electricity and gas supply. SPP generates a key portion of its turnover by supplying electricity and gas to end customers, which is a taxonomy-non-eligible

activity regardless of whether it involves the supply of electricity or gas from renewable sources. For this reason, the vast majority of SPP's economic activities in 2022 cannot be classified as taxonomy-eligible or, possibly, taxonomy-aligned.

In the course of 2022, SPP continued implementing projects for the company's own small-scale local energy production from renewable sources.

Specifically, this concerned the following projects:

- Project for the photovoltaic power plant on SPP's grounds in Michalovce, which anticipates the generation and distribution of electricity to the public grid,
- Project for the supply of heat and cooling to the polyfunctional complex Prístavná 1 under construction (Energocentrum on SPP's grounds in Bratislava), and
- Projects for photovoltaic facilities in selected elementary schools in Bratislava and Horné Saliby, which anticipate electricity supply primarily to these schools, with any excess production going to the public grid.

SPP also continued to prepare projects for the company's own generation of electricity and gas from renewable sources in accordance with targets adopted in the SPP Sustainability Report 2021. These projects will be gradually put into operation in the coming years. The project for the supply of heat and cooling to the polyfunctional complex Prístavná 1 under construction represents a taxonomy-eligible, yet taxonomy-non-aligned economic activity.

¹Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

Table 3 – Turnover KPI

Economic activities	Code (s)	Absolute turnover mil. EUR	Proportion of turnover %	Substantial contribution criteria						DNSH criteria						Minimum safeguards yes/no	Taxonomy aligned proportion of turnover Year N %	Taxonomy aligned proportion of turnover Year N-1 %	Category (enabling activity)	Category (transitional activity)			
				(1) %	(2) %	(3) %	(4) %	(5) %	(6) %	(1) yes/no	(2) yes/no	(3) yes/no	(4) yes/no	(5) yes/no	(6) yes/no								
A. Taxonomy-eligible activities																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
Turnover of environmentally sustainable activities (A.1)		0.00	0.00%																				
A.2 Sustainable activities (not Taxonomy-aligned)																							
4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	35.11 35.30	0.61	0.01%	Not applicable																Not applicable			
7.7 Acquisition and ownership of buildings	68	2.19	0.05%	Environmental objectives: (1) Climate change mitigation (2) Climate change adaptation (3) Water and marine resources (4) Circular economy (5) Pollution (6) Biodiversity and ecosystems																0.00%			
Turnover of Taxonomy-eligible but not (A.2)		2.80	0.07%																				
Total turnover of Taxonomy-eligible activities (A.1 + A.2) (A)		2.80	0.07%																				
B. Taxonomy-non-eligible-activities																							
Turnover of Taxonomy-non-eligible-activities (B)		4 113.20	99.93%																				
Total (A + B)		4 116.00	100.00%																				

1.2. Capital expenditures

The capital expenditures indicator was calculated as the proportion of capital expenditures associated with taxonomy-aligned economic activities (numerator) to total capital expenditures as defined by the EU Taxonomy (denominator) for the year ended 31 December 2022.

The denominator comprises capital expenditures associated with investments in real estate and IT systems that form a major portion of SPP's capital expenditures. Those are mostly additions to tangible and non-tangible assets recognised under the standards IAS 16 Property, Plant and

Equipment, IAS 38 Intangible Assets and IFRS 16 Leases.

The numerator comprises the portion of capital expenditures associated with assets or processes related to taxonomy-aligned economic activities. The said capital expenditures form part of the plan for expanding the taxonomy-aligned economic activities that will be implemented in the period of the coming five years. The projects for local photovoltaic power plants that are under construction or in preparation represent a taxonomy-aligned economic activity. These projects are in accordance with technical criteria

laid down by the Climate Delegated Act given their significant contribution to the mitigation of climate change, and given the fact that they do not cause any major harm to other objectives:

- Climate change adaptation (projects are not threatened by physical climate risks from Appendix A to the Climate Delegated Act),
- Transition to a circular economy (materials come from trustworthy manufacturers focusing on sustainability and recyclability), and

- Protection of biodiversity (projects do not interfere with natural reserves and are mostly installed on the roofs of buildings).

The project for the supply of heat and cooling to the polyfunctional complex Prístavná 1 under construction represents a taxonomy-eligible, yet taxonomy-non-aligned economic activity.

Table 4 – Capital expenditures KPI

Economic activities	Code (s)	Absolute CapEx mil. EUR	Proportion of CapEx %	Substantial contribution criteria						DNSH criteria						Minimum safeguards yes/no	Taxonomy aligned proportion of CapEx Year N %	Taxonomy aligned proportion of CapEx Year N -1 %	Category (enabling activity)	Category (transitional activity)			
				(1) %	(2) %	(3) %	(4) %	(5) %	(6) %	(1) yes/no	(2) yes/no	(3) yes/no	(4) yes/no	(5) yes/no	(6) yes/no								
A. Taxonomy-eligible activities																							
A.1 Environmentally sustainable activities (Taxonomy-aligned)																							
4.1. Electricity generation using solar photovoltaic technology	35.11 42.22	0.29	3.11%	100.00%	0.00%													3.11%	-	-	-		
CapEx of environmentally sustainable activities (A.1)		0.29	3.11%	100.00%	0.00%													3.11%	-	-	-		
A.2 Taxonomy-eligible but not environmentally																							
4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	35.11 35.30	0.00	0.01%	Not applicable Environmental objectives: (1) Climate change mitigation (2) Climate change adaptation (3) Water and marine resources (4) Circular economy (5) Pollution (6) Biodiversity and ecosystems																	Not applicable		
CapEx of Taxonomy-eligible but not (A.2)		0.00	0.01%																				
Total CapEx of Taxonomy-eligible activities (A.1 + A.2) (A)		0.30	3.12%																				
B. Taxonomy-non-eligible-activities																							
CapEx of Taxonomy-non-eligible-activities (B)		9.17	96.88%																				
Total (A + B)		9.46	100.00%																				

1.3. Operating expenditures

The operating expenditures indicator was calculated as the proportion of operating expenditures associated with taxonomy-aligned economic activities (numerator) to total operating expenditures as defined by the EU Taxonomy (denominator). The operating expenses under EU Taxonomy include expenses associated with the maintenance and repair of buildings, machinery and equipment, with short-term lease and rental, and research and development. In the case of SPP, these operating expenditures mostly comprise expenditures associated with the maintenance of buildings and short-term lease expenses.

The numerator comprises a portion of SPP's operating expenditures associated with assets or processes related to taxonomy-aligned economic activities, and forms part of the capital expenditures plan to expand taxonomy-aligned economic activities. The projects for photovoltaic power plants that are under construction or in preparation represent a taxonomy-aligned economic activity. The numerator comprises limited operating expenditures associated with the implementation thereof. Operating expenditures associated with rental and leasing of the vehicle fleet and the project for the supply

of heat and cooling to the polyfunctional complex Prístavná 1 under construction were classified as taxonomy-eligible, yet taxonomy-non-aligned economic activities.

Operating expenditures associated with the purchase of outputs of taxonomy-aligned economic activities are likewise classified as taxonomy-aligned operating expenditures. Given the shortage of publicly available information from suppliers in respect of the alignment of provided services with the EU Taxonomy in the first reporting year, SPP does not report this

type of operating expenditures. In the coming years, SPP will require the company's suppliers to provide information on whether their outputs represent a taxonomy-aligned economic activity.

Table 5 – Operating expenditures KPI

Economic activities	Code (s)	Absolute OpEx mil. EUR	Proportion of OpEx %	Substantial contribution criteria						DNSH criteria						Minimum safeguards yes/no	Taxonomy aligned proportion of OpEx Year N %	Taxonomy aligned proportion of OpEx Year N -1 %	Category (enabling activity)	Category (transitional activity)
				(1) %	(2) %	(3) %	(4) %	(5) %	(6) %	(1) yes/no	(2) yes/no	(3) yes/no	(4) yes/no	(5) yes/no	(6) yes/no					
A. Taxonomy-eligible activities																				
A.1 Environmentálne udržateľné činnosti (zosúladené s taxonómiou)																				
4.1. Electricity generation using solar photovoltaic technology	35.11 42.22	0.004	0.04%	100.00%	0.00%							áno			áno				0.04%	
OpEx enviromentally sustainable activities(A.1)		0.004	0.04%	100.00%	0.00%														0.04%	
A.2 Sustainable activities (not Taxonomy-aligned)																				
6.5. Transport by motorbikes, passenger cars and	64 77.11	0.34	3.71%	Not applicable												Not applicable				
7.7 Acquisition and ownership of buildings	68	0.42	4.69%																	
4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	35.30	0.32	3.57%																	
Sustainable activities (not Taxonomy-aligned) (A.2)		1.08	11.97%																	
Total OpEx of Taxonomy-eligible activities (A.1 + A.2) (A)		1.08	12.01%																	
B. Taxonomy-non-eligible-activities																				
OpEx of Taxonomy-non-eligible activities (B)		7.94	87.99%																	
Total(A + B)		9.02	100.00%																	

Independent Auditor's Report

2. Minimum safeguards

The assessment of economic activities with respect to their alignment with the EU Taxonomy also includes the evaluation of compliance with minimum safeguards. The minimum social safeguards include those procedures that should ensure that economic activities take place in accordance with:

- OECD Guidelines for Multinational Enterprises (2011)²,
- UN Guiding Principles on Business and Human Rights (UNGPR)³, including principles and rights established in the eight core conventions of the International Labour Organisation as set out in the Declaration on Fundamental Principles and Rights at Work⁴, and
- International Bill of Human Rights⁵.

As no further European Commission guidelines were available as of the compilation date of this Annual Report, the Final Report on Minimum Safeguards was used for assessing the minimum safeguards, as published by the Platform on Sustainable Finance in October 2022.

The assessment of compliance with minimum social safeguards was performed for the following four areas:

1. Human rights (including labour and consumer rights)
2. Corruption and bribery
3. Taxation
4. Fair competition

In assessing compliance with minimum social safeguards, SPP followed a two-dimensional assessment approach. This means the company took into account the implementation of adequate procedures to prevent negative impacts, but also the dimension of outputs that is used to monitor the outputs.

SPP understands the responsibility it carries from the position of the biggest energy supplier in Slovakia and in its daily business activities it not only declares, but also closely monitors, compliance with the principles of ethical behaviour that form part of the SPP Code of Conduct. The Code includes all four main areas of minimum social safeguards.

² <https://www.oecd.org/daf/inv/mne/48004323.pdf>

³ https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁴ https://www.ilo.org/wcmsp5/groups/public/-ed_norm/-declaration/documents/normativeinstrument/wcms_716594.pdf

⁵ <https://www.ohchr.org/sites/default/files/Documents/Publications/Compilation1.1en.pdf>



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Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Directors and to the Audit Committee of Slovenský plynárenský priemysel, a.s.:

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Slovenský plynárenský priemysel, a.s. ('the Company'), which comprise the balance sheet as at 31 December 2022, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ('IFRS EU').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ('the Act on Statutory Audit') related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the separate financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT



Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements including the presented information as well as whether the separate financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ('the Act on Accounting'). Our opinion on the separate financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the separate financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited separate financial statements or our knowledge obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated.

We considered whether the Company's annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of separate financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2022 is consistent with the separate financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Company and its situation, obtained in the audit of the separate financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

15 March 2023
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Tomáš Přeček, statutory auditor
UDVA Licence No. 1067

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Independent Auditor's Report

To the Shareholder, Supervisory Board, Board of Directors and to the Audit Committee of Slovenský plynárenský priemysel, a.s.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Slovenský plynárenský priemysel, a.s. and its subsidiaries ('the Group'), which comprise the consolidated balance sheet as at 31 December 2022, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ('IFRS EU').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ('the Act on Statutory Audit') related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the consolidated financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Spoločnosť zo skupiny Ernst & Young Global Limited
Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Okresného súdu Bratislava I, oddiel: Sro, vložka číslo: 27004/B a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements including the presented information as well as whether the consolidated financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the business within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ('the Act on Accounting'). Our opinion on the consolidated financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the consolidated financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

We considered whether the Group's annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of consolidated financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2022 is consistent with the consolidated financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Group and its situation, obtained in the audit of the consolidated financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

15 March 2023
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Tomáš Přeček, statutory auditor
UDVA Licence No. 1067

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 E-mail: spp@spp.sk
 Website: www.spp.sk

Households

SPP Customer Care Line

Phone: 0850 111 363 (from 1 June 2020, weekdays
 from 8 a.m. to 6 p.m.)

E-mail: zakaznickalinka@spp.sk

For calls from abroad or from networks of
 alternative operators: +421 2 58 69 90 90

Small Businesses & Organisations

SPP Business Line

Phone: 0850 111 565 (from 1 June 2020, weekdays
 from 8 a.m. to 6 p.m.)

E-mail: biznislinka@spp.sk

For calls from abroad or from networks of
 alternative operators: +421 2 58 69 90 92

SPP Fair Hotline

Phone: 0800 126 076 (from 1 June 2020, weekdays
 from 8 a.m. to 6 p.m.)

Please visit www.spp.sk website for the list of SPP
 Customer Centres

Slovak Gas Museum

Slovenský plynárenský priemysel, a.s.
 Mlynské nivy 44/c
 825 11 Bratislava
 Phone: +421 2 62 62 41 64, 0911 704 489
 (weekdays from 10 a.m. to 2 p.m.)
 E-mail: muzeum@spp.sk

Entry to the museum is free of charge. Visits must
 be arranged in advance.

SPP Gallery

Slovenský plynárenský priemysel, a.s.
 Mlynské nivy 44/c
 825 11 Bratislava
 Phone: +421 2 62 62 42 42, 0911 704 489
 (weekdays from 10 a.m. to 6 p.m.)
 E-mail: galeria@spp.sk

Entry to the gallery is free of charge.

SPP